

Eastern Water Resources Development

Acquisition of 74.19% stake in Egcom Tara

THAILAND | SET | COMM | TRADE FLASH

BLOOMBERG ROBINS TB | REUTERS ROBINS.BK

Increasing stake in Egcom Tara by 74.19% to 90.07%

EASTW said its wholly-owned subsidiary Universal Utilities (UU) has increased its stake in Egcom Tara to 90.07% by acquiring 74.19% shares from EGCO Engineering and Service for a price of Bt1,600mn. Egcom Tara will become a subsidiary to EASTW thereafter. The transaction will complete within 3QFY15.

Egcom Tara is a producer and distributor of tap water to the Provincial Waterworks Authority (PWA) in Ratchaburi and Samut Songkhram provinces, under the Build-Own-Operate concession (BOO) for 30 years from 7 April 2001 to 6 April 2031. In 2014, average daily sales volume was 36,277 cu.m., which represented 75.6% utilization rate to 48,000 cu.m. production capacity per day. Egcom recorded total revenue of Bt317mn, which contributed to net profit of Bt178mn. Egcom performance was stronger than UU by net profit and net profit margin, due to the differences of tap water tariff rates. UU generated Bt1,276mn revenue and Bt119mn net profit over the same period.

UU listing and EASTW divestment loom

EASTW has a plan to list UU in the SET after the acquisition transaction materializes. In this regard, UU will increase its capital by issuing 420mn shares. Out of this, up to 353mn shares will be offer to the public and the remainder of 67mn shares will be distributed to EASTW's existing shareholders at a ratio of 24.83 to 1 EASTW share. The company expects to hold IPO within 1QFY16.

Following the IPO, UU's paid-up capital will be 930mn shares at a par value of Bt1 and EASTW's shareholding in UU will decrease from 100% to 54.84%. Despite a reduction in shareholding in UU, profit contribution from UU to EASTW appears to grow at a notable pace as Egcom has been proved a stronger earnings performance than UU.

UU has been granted seven tap water production concessions, four O&M agreements with EASTW and one O&M contract with Egcom, totaling 12 projects. Furthermore, UU is currently awaiting more contracts—i.e., tap water production in Lak Chai Muang Yang industrial estate, waste water management project at Pattaya and water project in Laos. UU has acted as a key player for tap water production for EASTW.

'BUY' rating upgraded with upwardly revised FY15 outlook

The acquisition of more shares in Egcom should come into fruition in 4QFY15. We thus upgrade our FY15 revenue forecast to Bt4.638mn and net profit to Bt1,533mn (earlier Bt1,487mn). Our price target is Bt12.90 (earlier Bt12.50), pegged on P/E of 14x and we rate EASTW a 'BUY' at its market value.

22 June 2015

Buy (Upgraded from Neutral)

Closing Price(Bt) 11.70
Target Price(Bt) 12.90 (+10.26%)

COMPANY DATA

O/S Shares (mn) :	1,664
Market Cap. (Btmn) :	19,466
Market Cap. (USDmn) :	578
52-WK Hi/Lo (Bt) :	12.2/10.1
3M Average Daily T/O (mn) :	0.43
Par Value (Bt) :	1.00

MAJOR SHAREHOLDERS (%)

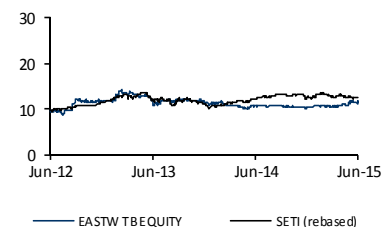
07 May 2015

1. PWA	40.2
2. EGCO	18.7
3. Norbax Inc.,13	6.9

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
ABS	3%	10%	8%
REL TO SET INDEX	5%	13%	6%

PRICE VS SET INDEX



Source: Bloomberg, PSR

KEY FINANCIALS

FYE Dec	FY13	FY14	FY15E	FY16E
Sales(Btmn)	3,900	4,242	4,638	5,143
Net Profit(Btmn)	1,313	1,334	1,533	1,615
EPS (Bt)	0.79	0.80	0.92	0.97
P/E (X)	14.8	14.6	12.7	12.1
BVPS (Bt)	4.75	5.12	5.60	6.10
P/B (X)	2.5	2.3	2.1	1.9
DPS (Bt)	0.42	0.45	0.52	0.54
Dividend Yield (%)	3.6	3.8	4.4	4.6
ROE (%)	17.29	16.31	17.25	16.65

Source: Company, PSR Est.

**Multiples and yields are based on latest closing price

VALUATION METHOD

P/E'15 (14x)

Siam Tiyanont
Securities Investment Analyst #17970
Tel: 66 2 635 1700 #483

Ref. No.: CO2015_0372

Corporate Governance -2014



BAFS	BCP	BTS	CPN	EGCO	GRAMMY	HANA	INTUCH	IRPC	TOP
KBANK	KKP	KTB	MINT	PSL	PTT	PTTEP	PTTGC	SAMART	IVL
SAT	SC	SCB	SE-ED	SIM	SPALI	TISCO	TMB	THCOM	SAMTEL



AAV	ACAP	ADVANC	ANAN	AOT	ASIMAR	ASK	ASP	BANPU	BAY
BBL	BECL	BIGC	BKI	BLA	BMCL	BROOK	CENTEL	CFRESH	CIMBT
CK	CNT	CPF	CSL	DELTA	DRT	DTAC	DTC	EASTW	EE
ERW	GBX	GC	GFPT	GUNKUL	HEMRAJ	HMPRO	ICC	KCE	KSL
LANNA	LH	LHBANK	LOXLEY	LPN	MACO	MC	MCOT	NBC	NCH
NINE	NKI	NMG	NSI	OCC	OFM	PAP	PE	PG	PHOL
PJW	PM	PPS	PR	PRANDA	PS	PT	QH	RATCH	ROBINS
RS	S & J	SAMCO	SCC	SINGER	SIS	SITHAI	SNC	SNP	SPI
SSF	SSI	SSSC	STA	SVI	TCAP	TF	THAI	THANI	TSTE
TIP	TIPCO	TK	TKT	TNITY	TNL	TOG	TRC	TRUE	
TSTH	TTA	TTW	TVO	UAC	VGI	VNT	WACOAL		



2S	AF	AH	AHC	AIT	AJ	AKP	AKR	AMANAHA	AMARIN
AMATA	AP	APCO	APCS	AQUA	ARIP	AS	ASIA	AYUD	BEAUTY
BEC	BFIT	BH	BJC	BJCHI	BOL	BTNC	BWG	CCET	CGD
CGS	CHOW	CI	CKP	CM	CMR	CSC	CSP	CSS	DCC
DEMCO	DNA	EA	ESSO	FE	FORTH	FPI	GENCO	GL	GLOBAL
GLOW	GOLD	HOTPOT	HTC	HTECH	HYDRO	IFS	IHL	INET	IRC
IRCP	ITD	KBS	KGI	KKC	KTC	L&E	LRH	LST	MAJOR
MAKRO	MATCH	MBK	MBKET	MEGA	MFC	MFEC	MJD	MODERN	MONO
MOONG	MPG	MTI	NC	NTV	NUSA	NWR	NYT	OGC	OISHI
PACE	PATO	PB	PDI	PICO	PPM	PPP	PREB	PRG	PRIN
PTG	QLT	QTC	RCL	SABINA	SALEE	SCBLIF	SCCC	SCG	SEAFCO
SEAOIL	SFP	SIAM	SIRI	SKR	SMG	SMK	SMPC	SMT	SOLAR
SPC	SPCG	SPPT	SST	STANLY	STEC	STPI	SUC	SWC	SYMC
SYNEX	SYNTEC	TASCO	TBSP	TEAM	TFD	TFI	THANA	THIP	THREL
TIC	TICON	TIW	TKS	TLUXE	TMI	TMT	TNDT	TPC	TPCORP
TRT	TRU	TSC	TTCL	TUF	TVD	TWFP	UMI	UP	UPF
UPOIC	UT	UV	UWC	VIH	WAVE	WHA	WIN	WINNER	YUASA
ZMICO									

Results Presentation

Score Range

< 50%
50-59%
60-60%
70-79%
80-89%
90-100%

Number of Logo

No logo given



The disclosure of the survey result of the Thai Institute of Directors Association (IOD) regarding corporate governance is made pursuant to the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative disclosure to the public and able to be accessed by a general public investor. The results, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that data. Phillip Securities (Thailand) of securities company does not confirm nor certify the accuracy of such survey result.

Industry Group

Name	Sector Name	Sector Index
Agro & Food Industry[AGRO]	Agribusiness	AGRI
	Food & Beverage	FOOD
Consumer Products[CONSUMP]	Fashion	FASHION
	Home & Office Products	HOME
	Personal Products & Pharmaceuticals	PERSON
Financials [FINCIAL]	Banking	BANK
	Finance & Securities	FIN
	Insurance	INSUR
Industrials [INDUS]	Automotive	AUTO
	Industrial Materials & Machinery	IMM
	Packaging	PKG
	Paper & Printing Materials	PAPER
	Petrochemicals & Chemicals	PETRO
	Steel	STEEL
Property & Construction[PROPCON]	Construction Materials	CONMAT
	Construction Services	CONS
	Property Development	PROP
	Property Fund & REITs	PF&REIT
Resources [RESOURC]	Energy & Utilities	ENERG
	Mining	MINE
Services [SERVICE]	Commerce	COMM
	Media & Publishing	MEDIA
	Health Care Services	HEALTH
	Tourism & Leisure	TOURISM
	Professional Services	PROF
	Transportation & Logistics	TRANS
Technology [TECH]	Electronic Components	ETRON
	Information & Communication Technology	ICT

PSR Rating System

Capital Gain	Recommendation
> +10%	Buy
0% to + 10%	Neutral
< 0%	Sell

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

Fundamental:

Name	Analyst Reg No.	Tel	Sector
Sasikorn Charoensuwan, CFA, CAIA	Capital Market Investment Analyst#9744	662 635 1700#480	Consumer
Rutsada Tweesaengsakulthai	Securities Investment Analyst#17972	662 635 1700#482	ICT, Energy, Health Care
Danai Tunyaphisitchai, CFA	Capital Market Investment Analyst #2375	662 635 1700#481	Construction Materials, Property Development
Naree Apisawaittakan	Securities Investment Analyst #17971	662 635 1700#484	Agro & Food, Electronics
Siam Tiyanont	Securities Investment Analyst #17970	662 635 1700#483	Transportation, Media & Publishing
Ornmongkol Tantitanatorn	Capital Market Investment Analyst #34100	662 635 1700#491	Automotive, Energy, Packaging
Adisorn Muangparnchon	Securities Investment Analyst #18577	662 635 1700#497	Banking, Securities & Finance, Insurance
Vichuda Siriployprakray	Securities Investment Analyst #55956	662 635 1700#525	Commerce, Tourism
Suthanuch Chaisumrej	Securities Investment Analyst #61708	662 635 1700#528	Materials, Construction
Chitphan Kwanchit	Assistant Analyst		

Strategy:

Teerada Charnyingyong	Securities Investment Analyst #9501	662 635 1700#487
Chutikarn Santimetvirul	Derivatives Investment Analyst #37928	662 635 1700#491
Werajak Jungkiatkajorn	Capital Market Investment Analyst #28087	662 635 1700#495
Rittiporn Songsermsawad	Securities Investment Analyst #39756	662 635 1700#527
Phoobate Wiriyayuttama	Securities Investment Analyst #63404	662 635 1700#498

Technical:

Sasima Hattakitnikorn	Securities Investment Analyst #8328	662 635 1700#490
Kanoksak Vutipan	Capital Market Investment Analyst #32423	662 635 1700#485

Database & Production:

Manunpat Yuenyongwatanakorn
Sutiporn Oupkaew
Sornsawan Chimklin

Translation:

Chaiyot Ingkhasorarat
Naowarat Angurasuchon

Bangkok Offices

Head Office
Srinakarindr
Viphavadi
Yaowarat
Bangkapi 1
Bangkapi 2
Hua Lumphong
Rangsit
Sindhorn
Siam Discovery
CentralWorld Branch

15th Fl., Vorawat Bldg. Tel : 0 2635 1700 , 0 2268 0999
17th Fl., Modernform Tower Tel : 0 2722 8344-53
15th Fl., Lao Peng Nguan Tower 1 Tel : 0 2618 8400
19th Fl., Kanchanadhat Bldg. Tel : 0 2622 7833
8th Fl., The Mall Office Tower-Bangkapi Tel : 0 2363 3263
9th Fl., The Mall Office Tower-Bangkapi Tel : 0 2363 3269
4th Fl., Tang Hua Pak Bldg., 320 Rama 4 Rd. Tel : 0 2639 1200
G Fl., Room#PLZ.G.SHP065A Future Park Rangsit Tel : 0 2958 5040
19th Fl., Sindhorn Tower 3 Building, Tel : 0 2650 9717
11st Floor, Unit A2, Siam Tower, Tel : 02 658 0776
999/9 The Offices at CentralWorld, 17 FL. Unit ML 1707, Rama 1 Rd, Patumwan Bangkok 10330

Provincial Offices

Chaing Mai
Khon Kaen
Khon Kaen - Rim Bueng
Phisanulok
Had Yai
Had Yai - Petkasem
Suratthan
Chumporn Investor Center

313/15 Moo6 Chaing Mai – Lamphun Nong Hoi, Tel 053-141969
4th Fl., Kow Yoo Hah Bldg. Tel : 0 4332 5044-8
3rd Fl., Arokaya Bldg., Tel : 0 4322 6026
2nd Fl., Thai Sivarat Bldg., Tel : 0 5524 3646
4th Fl., Southland Rubber Bldg., Tel : 0 7423 4095-99110
3rd Fl., Unit 3D, Redar Group Bldg., Tel : 0 7422 3044
62/9 Donnok Rd., Tel : 077 206 131
25/45 Krom Luang Chumporn Rd., Tel : 0 7757 0652-3

Overseas Offices

SINGAPORE
HONG KONG

Phillip Securities Pte Ltd Raffles City Tower Tel : (65) 6533 6001 www.poems.com.sg
Phillip Securities (HK) Ltd 11/F United Centre 95 Queensway, Tel (852) 22776600
www.phillip.com.hk

MALAYSIA

Phillip Capital Management Sdn Bhd, Block B Level 3 Megan Avenue II Tel (603) 21628841
www.poems.com.my

JAPAN
INDONESIA
CHINA

Phillip Securities Japan, Ltd 4-2 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo Tel (81-3) 36662101
PT Phillip Securities Indonesia ANZ Tower Level 23B, Tel (62-21) 57900800 www.phillip.co.id
Phillip Financial Advisory (Shanghai) Co. Ltd Ocean Tower Unit 2318 Tel (86-21) 51699200
www.phillip.com.cn

FRANCE

King & Shaxson Capital Limited 3rd Flr, 35 Rue de la Bienfaisance Tel (33-1) 45633100
www.kingandshaxson.com

UNITED KINGDOM

King & Shaxson Capital Limited 6th Flr, Candlewick House, Tel (44-20) 7426 5950
www.kingandshaxson.com

UNITED STATES
AUSTRALIA

Phillip Futures Inc The Chicago Board of Trade Building Tel +1.312.356.9000
PhillipCapital Australia Level 37, Collins Street, Melbourne, Tel (613) 96298380
Fwww.phillipcapital.com.au

SRI LANKA
TURKEY

Asha Phillip Securities Ltd Level 4, Millennium House, Tel: (+94) 11 2429 100 apsl@ashaphillip.net
Hak Menkul Kiymetler A.Ş Dr.Cemil Bengü Cad. Tel: (+90) (212) 296 84 84 (pbx)
hakmenkul@hakmenkul.com.tr

INDIA

PhillipCapital (India) Private Limited No. 1, C - Block, 2nd Floor, Modern Center, Jacob Circle, K. K.

DUBAI

Marg, Mahalaxmi Mumbai 400011 Tel: (9122) 2300 2999 Website: www.phillipcapital.in
PhillipCapital (India) Pvt Ltd.601, White Crown Building Plot no 58, Sheikh Zayed Road P.O, Box 21229
Dubai UAE. Mahalaxmi Mumbai 400011 Tel: (9122) 2300 2999 Website: www.phillipcapital.in

CAMBODIA

Building No71, St 163, Sangkat Toul Svay Prey I, Khan Chamkarmorn, Phnom Penh, Kingdom of
Cambodia Tel: (855) 23 217 942 Website: www.kredit.com.kh

Disclosures and Disclaimers

This publication is prepared and issued by Phillip Securities (Thailand) PLC., which is regulated by SEC Thailand. References to "PST" in this report shall mean Phillip Securities (Thailand) PLC unless otherwise stated. By receiving or reading this report, you agree to be bound by the terms and limitations set out below.

This publication has been provided to you for personal use only. The copyright belongs exclusively to PST. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PST's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety. If you have received this documentation by mistake, please delete or destroy it., and notify the sender immediately.

This report is prepared and distributed by PST for information purposes only and neither the information contained herein nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment or derivatives. The information and opinions contained in the Report were considered by PST to be valid when published. The report also contains information provided to PST by third parties. The source of such information will usually be disclosed in the report. Whilst PST has taken all reasonable steps to ensure that this information is correct, PST does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and PST does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication to future performance.

This report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax and financial advisors and reach their own decision regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. In no circumstances it be used or considered as an offer to sell or a solicitation of any offer to buy or sell the Securities mentioned in it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which we believe are reliable. Phillip Securities (Thailand) PCL or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

Important: These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

Certifications: The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst have no known conflict of interest and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific views or recommendations contained in this research report.

Phillip Securities (Thailand) PCL, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may provide an array of financial services to a large number of corporations in Thailand and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this publication, and may have performed services for or solicited business from such issuers. Additionally, PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have provided advice or investment services to such companies and investments or related investments as may be mentioned in this publication.

PST or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold a interest, whether material or not, in respect of companies and investments or related investments which may be mentioned in this publication. Accordingly, information may be available to PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, which is not reflected in this material, and PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. PST, or persons associated with or connected to PST, including but not limited its officers, directors, employees or persons involved in the preparation or issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this material.

Suitability and Risks: This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic or political factors. Past performance is not necessarily indicative of future performance or results.

Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PST and the research analyst believe to be reliable, but neither PST nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice. Furthermore, PST is under no obligation to update or keep the information current.

Caution: Risk of loss in trading in can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

For U.S. persons only: This research report is a product of Phillip Securities (Thailand) PCL which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Phillip Securities (Thailand) PCL only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

Phillip Securities (Thailand) PCL

Registered office: 15^F/ Vorawat Building, 849 Silom Road, Bangrak, Bangkok 10500 Thailand